

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

G

W-02467A  
Granite Mountain Water Company Inc.  
2465 Shane Dr.  
Prescott, AZ 86305

**RECEIVED**

APR 10 2006

**Z Corporation Commissic  
Director of Utilities**

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2005
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FOR COMMISSION USE

ANN04	05
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entered  
4-11-06  
RF

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Granite Mountain Water Co., Inc</u>		
<b>Mailing Address</b> <u>2465 W Shane Drive</u> (Street)		
<u>Prescott</u> (City)	<u>AZ</u> (State)	<u>86305</u> (Zip)
<u>928-717-2616</u> Telephone No. (Include Area Code)	<u>928-717-2621</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		
<b>Local Office Mailing Address</b> <u>2465 W Shane Drive</u> (Street)		
<u>Prescott</u> (City)	<u>AZ</u> (State)	<u>86305</u> (Zip)
<u>928-717-2616</u> Local Office Telephone No. (Include Area Code)	<u>928-717-2621</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
<b>Email Address</b> _____		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Paul D. Levie</u> (Name)		<u>President</u> (Title)	
<u>2465 W Shane Drive</u> (Street)	<u>Prescott</u> (City)	<u>AZ</u> (State)	<u>86305</u> (Zip)
<u>928-717-2616</u> Telephone No. (Include Area Code)	<u>928-717-2621</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			
<b>On Site Manager:</b> <u>Dewain Kimberly</u> (Name)		<u></u>	
<u>1800 Donna</u> (Street)	<u>Chino Valley</u> (City)	<u>AZ</u> (State)	<u>86323</u> (Zip)
<u>928-717-2616</u> Telephone No. (Include Area Code)	<u>928-717-2621</u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)	
<b>Email Address</b> _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

**Statutory Agent:** Paul D. Levie

2465 W Shane Drive

(Name)

Prescott

AZ

86305

(Street)

(City)

(State)

(Zip)

928-717-2616

928-717-2621

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** Paul D. Levie

2465 W Shane Drive

(Name)

Prescott

AZ

86305

(Street)

(City)

(State)

(Zip)

928-717-2616

928-717-2621

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### **OWNERSHIP INFORMATION**

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☐ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☒ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co-op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### **COUNTIES SERVED**

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☐ PINAL

☐ SANTA CRUZ

☒ YAVAPAI

☐ YUMA

☐ STATEWIDE

**COMPANY NAME** Granite Mountain Water Co., Inc

**UTILITY PLANT IN SERVICE**

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	110.10	88.46	21.67
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	57,378.51	24,927.68	32,450.83
307	Wells and Springs	52,026.74	25,828.26	27,198.48
311	Pumping Equipment	94,775.95	42,042.56	52,733.39
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	7,325.00	5,881.19	1,443.81
331	Transmission and Distribution Mains	277,405.33	157,130.05	120,275.28
333	Services	55,852.90	22,909.73	32,943.17
334	Meters and Meter Installations	2,547.30	1,339.89	1,207.41
335	Hydrants	74.32	48.33	25.99
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	34,997.50	14,397.46	20,600.04
340	Office Furniture and Equipment			
341	Transportation Equipment	4,500.00	225.00	4,275.00
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	5,000.00	1,979.17	3,020.83
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	873.00	72.93	800.07
	<b>TOTALS</b>	<b>592,866.68</b>	<b>295,870.71</b>	<b>296,995.97</b>

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Granite Mountain Water Co., Inc

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	110.13	5%	5.51
302	Franchises			
303	Land and Land Rights			
304	Structures and Improvements	57,378.51	5%	2,868.93
307	Wells and Springs	52,026.74	5%	2,511.31
311	Pumping Equipment	94,775.95	5%	4,701.84
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	7,325.00	5%	366.25
331	Transmission and Distribution Mains	277,405.33	5%	13,753.06
333	Services	55,852.90	5%	2,792.68
334	Meters and Meter Installations	2,547.30	5%	127.37
335	Hydrants	74.32	5%	3.71
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	34,997.50	5%	1,749.88
340	Office Furniture and Equipment			
341	Transportation Equipment	4,500.00	5%	225.00
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment	5,000.00	5%	250.00
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	873.00	5%	57.87
	<b>TOTALS</b>	<b>592,866.68</b>		<b>29,413.41</b>

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
 Acct. No. 403.

COMPANY NAME

Granite Mountain Water Co., Inc

**BALANCE SHEET**

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 13,687.38	\$ 47,445.71
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	6,630.30	3,284.55
146	Notes/Receivables from Associated Companies	25,030.00	9,030.00
151	Plant Material and Supplies	1,273.47	2,628.47
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	8,500.00	4,500.00
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 55,121.15	\$ 66,888.73
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 31,639.85	\$ 2,035.43
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	266,712.98	295,870.71
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 298,352.83	\$ 297,906.14
	<b>TOTAL ASSETS</b>	\$ 353,437.98	\$ 364,794.87

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

### **BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$ (340.47)	\$ 0.00
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	(1,944.91)	795.00
236	Accrued Taxes	2,305.16	236.03
237	Accrued Interest	(354.22)	0.00
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ (334.44)	\$ 1,031.03
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$	\$
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$ 27,478.28	\$ 37,501.10
252	Advances in Aid of Construction	15,264.50	21,959.50
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 42,742.78	\$ 59,460.60
	<b>TOTAL LIABILITIES</b>	\$ 42,408.34	\$ 60,491.63
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 177,139.19	\$ 177,139.19
211	Paid in Capital in Excess of Par Value	337,222.32	337,222.32
215	Retained Earnings	(17,896.74)	(18,887.10)
218	Proprietary Capital (Sole Props and Partnerships)	(990.36)	(7,194.13)
	<b>TOTAL CAPITAL</b>	\$ (184,444.77)	\$ (184,087.64)
	other Capital Acct		
	Total Capital	311,029.64	304,192.64
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 353,437.98	\$ 364,684.27

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 46,897.87	\$ 50,683.63
460	Unmetered Water Revenue		
474	Other Water Revenues	146.01	397.50
	<b>TOTAL REVENUES</b>	\$ 47,043.88	\$ 51,081.13
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	6,244.82	6,376.24
618	Chemicals	1,919.41	1,042.09
620	Repairs and Maintenance	4,399.47	2,885.92
621	Office Supplies and Expense	2,273.66	2,814.88
630	Outside Services	480.20	8,524.67
635	Water Testing	1,229.00	1,789.79
641	Rents		
650	Transportation Expenses	2,000.00	411.84
657	Insurance – General Liability		516.00
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		110.32
675	Miscellaneous Expense	138.71	7,216.08
403	Depreciation Expense	27,992.50	29,413.41
408	Taxes Other Than Income		
408.11	Property Taxes	1,558.62	1,836.82
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 48,236.39	\$ 62,938.06
	<b>OPERATING INCOME/(LOSS)</b>	\$ (1,192.51)	\$ (11,856.93)
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$ 270.72
421	Non-Utility Income	250.54	55.65
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ (48.39) 202.15	\$ 4,336.43 4,662.80
	<b>NET INCOME/(LOSS)</b>	\$ (990.36)	\$ (7,194.13)

<b>COMPANY NAME</b>	<b>Garanite Mountain Water Co., Inc</b>
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**SUPPLEMENTAL FINANCIAL DATA**

**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate	%	%	%	%
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 15,264.00
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Meter Deposits Refunded During the Test Year	\$
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**COMPANY NAME** Granite Mountain Water Co., Inc

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
5511031	$\frac{1}{4}$	5	400	6"	1"	1985
55502453	$\frac{1}{2}$	5	340	6 $\frac{1}{2}$ "	5/8"	1982
55511771	15	125	500	10"	3"	Redrilled 2004
55554078	15	125	500	8"	3"	1999

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
3	1	3	
3	1		
3	1		
3	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
19,000	1	40	2
5,000	1	40	4

**COMPANY NAME** Granite Mountain Water Co., Inc

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC	15,000 app
3	PVC	1,500 app
4	PVC	4,000 app
5		
6	PVC	22,000 app
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	68
3/4	1
1	14
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

**For the following three items, list the utility owned assets in each category.**

**TREATMENT EQUIPMENT:**

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**STRUCTURES:**

3-Well House Structures 10x12  
1-Office and Pressure & Pumping Equipment & Storage  
Files, Tools & Equipment  
1-Building Containing electrical facilities  
2000 Gallon pressure tank & pumping equipment

**OTHER:**

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COMPANY NAME: Granite Mountain Water Co., Inc

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	68	305,520	
FEBRUARY	67	292,570	
MARCH	68	322,520	
APRIL	72	473,750	
MAY	74	1,147,480	
JUNE	74	913,670	
JULY	75	1,141,360	
AUGUST	77	723,880	
SEPTEMBER	78	962,375	
OCTOBER	77	496,485	
NOVEMBER	80	654,910	
DECEMBER	81	383,540	
TOTAL		7,818,060	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( ) Yes ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes ( ) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. #3 .0022 mg/l  
(If more than one well, please list each separately.) #4 .0026

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME Granite Mountain Water Co., Inc YEAR ENDING 12/31/2005

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 1,836.82

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

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VERIFICATION  
AND  
SWORN STATEMENT  
Taxes

RECEIVED

APR 10 2006

Z Corporation Commission  
Director of Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED  
OF THE

COUNTY OF (COUNTY NAME)	Yavapai
NAME (OWNER OR OFFICIAL) TITLE	Paul D. Levie President
COMPANY NAME	Granite Mountain Water Co., Inc

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

  
SIGNATURE OF OWNER OR OFFICIAL

928-717-2616  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

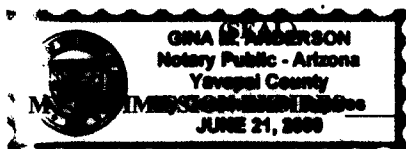
A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

6th

DAY OF

COUNTY NAME	Yavapai
MONTH	April
YEAR	2006



  
SIGNATURE OF NOTARY PUBLIC

6/21/09

COMPANY NAME Granite Mountain Water Co., Inc YEAR ENDING 12/31/2005

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported to be determined  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported to be determined  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

April 6, 2006

DATE

Paul D. Levie

PRINTED NAME

President

TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**RECEIVED**

APR 10 2006

**Z Corporation Commissic  
Director of Utilities**

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	
<u>Yavapai</u>	
NAME (OWNER OR OFFICIAL) TITLE	
<u>Paul D. Levie</u>	<u>President</u>
COMPANY NAME	
<u>Granite Mountain Water Co., Inc</u>	

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 53,386.29

(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 2,305.16  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
SIGNATURE OF OWNER OR OFFICIAL

928-717-2616  
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

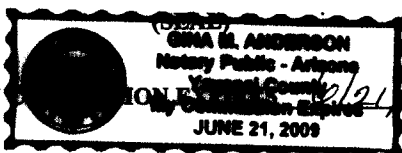
THIS

6th

DAY OF

COUNTY NAME	
<u>Yavapai</u>	
MONTH	
<u>April</u>	<u>2006</u>

MY



  
SIGNATURE OF NOTARY PUBLIC

VERIFICATION  
AND  
SWORN STATEMENT  
**RESIDENTIAL REVENUE**  
INTRASTATE REVENUES ONLY

**RECEIVED**

APR 10 2006

Z Corporation Commissic  
Director of Utilities

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <p style="text-align: center;">Yavapai</p>	
NAME (OWNER OR OFFICIAL) <p style="text-align: center;">Paul D. Levie</p>	TITLE <p style="text-align: center;">President</p>
COMPANY NAME <p style="text-align: center;">Granite Mountain Water Co., Inc.</p>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION  
FOR THE YEAR ENDING

MONTH <p style="text-align: center;">12</p>	DAY <p style="text-align: center;">31</p>	YEAR <p style="text-align: center;">2005</p>
--	--	---

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES  \$ <u>53,386.29</u>
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(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 2,305.16  
IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

  
SIGNATURE OF OWNER OR OFFICIAL

928-717-2616

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

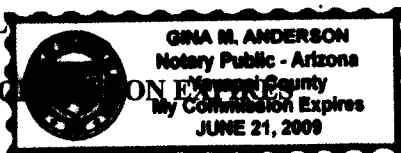
6th

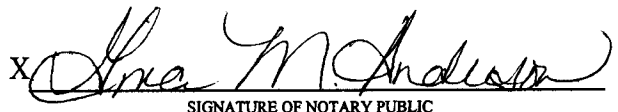
DAY OF

NOTARY PUBLIC NAME <p style="text-align: center;">Gina M. Anderson</p>	
COUNTY NAME <p style="text-align: center;">Yavapai</p>	
MONTH <p style="text-align: center;">April</p>	.20 <u>06</u>

(SEAL)

MY COM



X   
SIGNATURE OF NOTARY PUBLIC

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03/23/06

Accrual Basis

## Granite Mountain Water Co., Inc.

## Balance Sheet

As of January 1, 2005

	Jan 1, 05
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
131.00 · Cash	452.20
131.01 · Stockman's Bank	13,235.18
Total Checking/Savings	13,687.38
Other Current Assets	
141.00 · Customer Accounts Recievable	6,630.30
151.00 · Plant Materials & Supply	1,273.47
Total Other Current Assets	7,903.77
Total Current Assets	21,591.15
<b>Fixed Assets</b>	
108.00 · Accum. Depreciation & Amort.	-238,460.28
122.00 · Accumulated Deprec & Amort	-27,992.50
301.00 · Organization	110.13
304.00 · Structures & Improvements	57,378.51
307.00 · Wells & Springs	41,223.19
309.00 · Supply Mains	991.03
311.00 · Pumping Equipment	82,903.99
320.00 · Water Treatment	2,556.76
330.00 · Distribution Reservoirs & Stand	7,325.00
331.00 · Transmission & Distribution Mai	
331.01 · Main Line Extension	19,650.00
331.02 · GMH II-Rosdahl Lots 3 & 4	10,766.47
331.00 · Transmission & Distribution Mai - Other	240,372.51
Total 331.00 · Transmission & Distribution Mai	270,788.98
333.00 · Services	55,852.90
334.00 · Meters & Meter Installation	2,547.30
335.00 · Hydrants	74.32
339.00 · Other Plant & Misc Equipment	34,997.50
341.00 · Transportation Equipment	
341.01 · 1995 Dodge Diesel 3/4TPU	4,500.00
341.02 · 2000 Ranger 1/2 ton	4,000.00
Total 341.00 · Transportation Equipment	8,500.00
345.00 · Power Operated Equipment	5,000.00
346.00 · Communication Equipment	3,000.00
348.00 · Other Tangible Plant	20.00
Total Fixed Assets	306,816.83
<b>Other Assets</b>	
141.02 · Chino Meadows II Loan	25,000.00
141.04 · Loan to ALWC	30.00
Total Other Assets	25,030.00
<b>TOTAL ASSETS</b>	<b>353,437.98</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Other Current Liabilities	
231.00 · Accounts Payable	-340.47
235.00 · Security Deposits	-1,944.91
236.20 · Accrued Taxes	2,305.16
237.00 · Accrued Interest	-354.22
251.00 · Main Line Extension Agreement	13,436.81

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Accrual Basis

**Granite Mountain Water Co., Inc.**  
**Balance Sheet**  
**As of January 1, 2005**

	Jan 1, 05
251.01 · Line Extension Agree-Rosdahl	12,403.97
251.02 · Line Exten Agreemnt - Nanke	1,637.50
252.00 · Advances for Construction	15,264.50
<b>Total Other Current Liabilities</b>	<b>42,408.34</b>
<b>Total Current Liabilities</b>	<b>42,408.34</b>
<b>Total Liabilities</b>	<b>42,408.34</b>
<b>Equity</b>	
201.00 · Common Stock Issued	
201.01 · Original Stock Balance	52,000.00
201.02 · New Well At Stables	27,812.59
201.03 · Line Ext.-GMH V Phase I	97,326.60
<b>Total 201.00 · Common Stock Issued</b>	<b>177,139.19</b>
211.00 · Other Paid-In Capital	
211.01 · Granite Park Ranch	181,705.00
211.02 · PDL -Long Term Debt	155,517.32
<b>Total 211.00 · Other Paid-In Capital</b>	<b>337,222.32</b>
215.00 · Retained Earnings	-18,887.10
215.01 · Opening Balance Equity	-184,444.77
<b>Total Equity</b>	<b>311,029.64</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>353,437.98</b>

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03/31/06  
Accrual Basis

**Granite Mountain Water Co., Inc.**  
**Profit & Loss**  
January through December 2005

	<u>Jan - Dec 05</u>
Ordinary Income/Expense	
Income	
419.00 · Interest & Dividend	270.72 ✓
421.00 · Nonutility Income	55.65 ✓
461.00 · Metered Sales	50,683.63 ✓
474.00 · Other Water Revenue	
474.01 · Miscell Revenue-Est Fee	225.00
474.02 · Late Fee	67.23
474.00 · Other Water Revenue - Other	105.27
Total 474.00 · Other Water Revenue	<u>397.50</u>
Total Income	51,407.50
Expense	
615.00 · Purchased Power	
615.02 · Lot 15	294.56
615.03 · Stable's Well	688.91
615.05 · Shane Dr Pump	3,863.98
615.06 · Dewey Rd Pump	799.89
615.07 · Rainmaker - Pump	728.90
Total 615.00 · Purchased Power	<u>6,376.24</u>
618.00 · Chemicals	
618.01 · Monthly Water Tests	231.85
618.02 · Periodic Water Tests	1,557.94
618.00 · Chemicals - Other	1,042.09 ✓
Total 618.00 · Chemicals	<u>2,831.88</u>
620.00 · Materials & Supplies	7,004.41
620.01 · Lease Property	-402.75
621.00 · Office Supplies & Expense	
621.01 · Office Phone	2,055.91
621.00 · Office Supplies & Expense - Other	734.59
Total 621.00 · Office Supplies & Expense	<u>2,790.50</u>
623 · Postage	24.38
625.00 · Repairs & Maint - Wells/tanks	2,885.92 ✓
630.00 · Contractual Services	
630.01 · Contract Labor	1,910.00
630.00 · Contractual Services - Other	6,614.67
Total 630.00 · Contractual Services	<u>8,524.67</u>
650.00 · Transportation	
650.03 · 1995 Dodge Diesel 3/4TPU	36.99
650.04 · 2000 Ford Ranger 1/2PU	52.82
650.05 · 2000 Dodge 1TPU	322.03
Total 650.00 · Transportation	<u>411.84</u>
655.00 · Insurance Expense	516.00
665.00 · Regulatory	110.32
675.00 · Miscellaneous	260.20
681.00 · Property Tax	1,836.82
699 · Penalties	354.22
Total Expense	<u>33,524.65</u>
Net Ordinary Income	17,882.85

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03/31/06

Accrual Basis

**Granite Mountain Water Co., Inc.**  
**Profit & Loss**  
January through December 2005

	<u>Jan - Dec 05</u>	
Other Income/Expense		
Other Income		
403.00 · Depreciation Expense	-29,413.41	—
7010 · Interest Income	4,336.43	—
Total Other Income	<u>-25,076.98</u>	
Net Other Income	<u>-25,076.98</u>	
Net Income	<u><u>-7,194.13</u></u>	

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**GRANITE MOUNTAIN WATER CO.**  
Federal ID #:  
Asset Summary - Federal Tax Basis  
Period Ended 12/31/05

Company: GMW  
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<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 1 Organization												
1	1	Organization	01/01/90	N	SL	20	110.13	0.00	0.00	82.95	5.51	88.46
Group # 1 Total							<u>110.13</u>	<u>0.00</u>	<u>0.00</u>	<u>82.95</u>	<u>5.51</u>	<u>88.46</u>
Group # 2 Structures & Improvements												
1	1	Structures & Improve	01/01/90	N	SL	20	11,607.71	0.00	0.00	8,739.40	580.39	9,319.79
2	1	Main Line	05/01/98	N	SL	20	10,000.00	0.00	0.00	3,333.33	500.00	3,833.33
3	1	New Station	05/21/99	N	SL	20	35,770.80	0.00	0.00	9,986.02	1,788.54	11,774.56
Group # 2 Total							<u>57,378.51</u>	<u>0.00</u>	<u>0.00</u>	<u>22,058.75</u>	<u>2,868.93</u>	<u>24,927.68</u>
Group # 3 Wells & Springs												
1	1	Wells & Springs	01/01/90	N	SL	20	13,554.95	0.00	0.00	10,205.44	677.75	10,883.19
2	1	Fencing #2 Well	06/27/95	N	SL	20	155.65	0.00	0.00	73.91	7.78	81.69
3	1	Application Fee	12/12/95	N	SL	20	50.00	0.00	0.00	22.71	2.50	25.21
4	1	New Well	04/15/96	N	SL	20	27,462.59	0.00	0.00	12,014.89	1,373.13	13,388.02
5	1	Well #3 Expansion	03/01/05	N	SL	20	10,803.55	0.00	0.00	0.00	450.15	450.15
Group # 3 Total							<u>52,026.74</u>	<u>0.00</u>	<u>0.00</u>	<u>22,316.95</u>	<u>2,511.31</u>	<u>24,828.26</u>
Group # 4 Supply Mains												
1	1	Culvert & Bands	03/03/95	N	SL	20	321.60	0.00	0.00	158.12	16.08	174.20
2	1	New Well Meter	01/15/99	N	SL	20	669.43	0.00	0.00	200.82	33.47	234.29
Group # 4 Total							<u>991.03</u>	<u>0.00</u>	<u>0.00</u>	<u>358.94</u>	<u>49.55</u>	<u>408.49</u>
Group # 5 Pumping Equipment												
1	1	Pumping Equipment	01/01/90	N	SL	20	27,902.65	0.00	0.00	21,007.66	1,395.13	22,402.79
2	1	Pumping Equipment	12/31/95	N	SL	20	4,615.35	0.00	0.00	2,076.93	230.77	2,307.70
3	1	Pumping Equipment	05/01/98	N	SL	20	40,000.00	0.00	0.00	13,333.33	2,000.00	15,333.33
4	1	Electric Control	06/07/00	N	SL	20	1,950.70	0.00	0.00	447.06	97.54	544.60
6	1	Controls, pumps	01/01/03	N	SL	20	3,000.00	0.00	0.00	300.00	150.00	450.00
7	1	Pump Replacement	08/03/04	N	SL	20	4,679.51	0.00	0.00	97.49	233.98	331.47
8	1	New Pump	08/05/04	N	SL	20	3,755.78	0.00	0.00	78.25	187.79	266.04
9	1	Parts for Well #3	02/01/05	N	SL	20	8,871.96	0.00	0.00	0.00	406.63	406.63
Group # 5 Total							<u>94,775.95</u>	<u>0.00</u>	<u>0.00</u>	<u>37,340.72</u>	<u>4,701.84</u>	<u>42,042.56</u>
Group # 6 Distr. Reservoirs & Stand												
1	1	Water Treatment	01/01/90	N	SL	20	7,325.00	0.00	0.00	5,514.94	366.25	5,881.19
Group # 6 Total							<u>7,325.00</u>	<u>0.00</u>	<u>0.00</u>	<u>5,514.94</u>	<u>366.25</u>	<u>5,881.19</u>
Group # 7 Transmission & Distr Main												
1	1	Transmissions & Distr	01/01/90	N	SL	20	125,218.06	0.00	0.00	94,275.67	6,260.90	100,536.57
2	1	Account Opening	03/18/95	N	SL	20	19,650.00	0.00	0.00	9,579.38	982.50	10,561.88
3	1	Main Register	05/01/98	N	SL	20	75,000.00	0.00	0.00	25,000.00	3,750.00	28,750.00
4	1	Main Line Extension	05/19/99	N	SL	20	10,766.47	0.00	0.00	3,005.62	538.32	3,543.94
5	1	1564 Main Line	05/21/99	N	SL	20	38,059.00	0.00	0.00	10,624.80	1,902.95	12,527.75
6	1	Main Line Extension	11/17/99	N	SL	20	2,095.45	0.00	0.00	532.58	104.77	637.35
7	1	Line Extension	05/24/05	N	SL	20	5,625.32	0.00	0.00	0.00	164.07	164.07
Group # 7 Total							<u>276,414.30</u>	<u>0.00</u>	<u>0.00</u>	<u>143,018.05</u>	<u>13,703.51</u>	<u>156,721.56</u>

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**GRANITE MOUNTAIN WATER CO.**  
Federal ID #:  
Asset Summary - Federal Tax Basis  
Period Ended 12/31/05

Company: GMW  
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<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 8 Services												
1	1	Services	01/01/90	N	SL	20	4,250.00	0.00	0.00	3,199.79	212.50	3,412.29
2	1	Services	12/31/96	N	SL	20	16.30	0.00	0.00	6.56	0.82	7.38
3	1	SERVICE	03/13/97	N	SL	20	16.30	0.00	0.00	6.42	0.82	7.24
4	1	SERVICE	03/13/97	N	SL	20	16.30	0.00	0.00	6.42	0.82	7.24
5	1	Service	05/01/98	N	SL	20	46,000.00	0.00	0.00	15,333.33	2,300.00	17,633.33
6	1	Service	09/22/98	N	SL	20	797.11	0.00	0.00	249.12	39.86	288.98
7	1	Service	11/11/98	N	SL	20	28.72	0.00	0.00	8.88	1.44	10.32
8	1	Service	12/10/98	N	SL	20	67.30	0.00	0.00	20.50	3.37	23.87
9	1	203' Service Line	05/21/99	N	SL	20	4,054.30	0.00	0.00	1,131.85	202.72	1,334.57
10	1	New Services	11/17/99	N	SL	20	606.57	0.00	0.00	154.18	30.33	184.51
Group # 8 Total							<u>55,852.90</u>	<u>0.00</u>	<u>0.00</u>	<u>20,117.05</u>	<u>2,792.68</u>	<u>22,909.73</u>
Group # 9 Meters & Meter Install												
1	1	Meters & Meter Install	01/01/90	N	SL	20	996.47	0.00	0.00	750.20	49.82	800.02
2	1	Lot 12	04/01/95	N	SL	20	36.70	0.00	0.00	17.94	1.84	19.78
3	1	Meters & Meter Install.	12/31/95	N	SL	20	2.07	0.00	0.00	0.90	0.10	1.00
4	1	Install 94	06/15/96	N	SL	20	141.02	0.00	0.00	60.51	7.05	67.56
5	1	METER	03/13/97	N	SL	20	62.20	0.00	0.00	24.36	3.11	27.47
6	1	METER	03/13/97	N	SL	20	62.20	0.00	0.00	24.36	3.11	27.47
7	1	METER	06/17/97	N	SL	20	33.00	0.00	0.00	12.38	1.65	14.03
8	1	METER	12/31/97	N	SL	20	68.00	0.00	0.00	23.80	3.40	27.20
9	1	Meters	11/11/98	N	SL	20	128.94	0.00	0.00	39.77	6.45	46.22
10	1	Meters	12/10/98	N	SL	20	258.20	0.00	0.00	78.54	12.91	91.45
11	1	New Meters	09/13/99	N	SL	20	108.31	0.00	0.00	28.91	5.42	34.33
12	1	New Meters	11/17/99	N	SL	20	304.44	0.00	0.00	77.37	15.22	92.59
13	1	Capital Meter	09/22/00	N	SL	20	345.75	0.00	0.00	73.48	17.29	90.77
Group # 9 Total							<u>2,547.30</u>	<u>0.00</u>	<u>0.00</u>	<u>1,212.52</u>	<u>127.37</u>	<u>1,339.89</u>
Group # 10 Hydrants												
1	1	Hydrants	01/01/90	N	SL	20	32.45	0.00	0.00	24.41	1.62	26.03
2	1	Hydrant	05/02/95	N	SL	20	41.87	0.00	0.00	20.21	2.09	22.30
Group # 10 Total							<u>74.32</u>	<u>0.00</u>	<u>0.00</u>	<u>44.62</u>	<u>3.71</u>	<u>48.33</u>
Group # 11 Other Plant & Misc Equip.												
1	1	Other Plant & Misc Equip	01/01/90	N	SL	20	4,850.00	0.00	0.00	3,651.53	242.50	3,894.03
2	1	Main Line	05/01/98	N	SL	20	10,705.00	0.00	0.00	3,568.33	535.25	4,103.58
3	1	Excavation/Lab	05/21/99	N	SL	20	19,442.50	0.00	0.00	5,427.72	972.13	6,399.85
Group # 11 Total							<u>34,997.50</u>	<u>0.00</u>	<u>0.00</u>	<u>12,647.58</u>	<u>1,749.88</u>	<u>14,397.46</u>
Group # 12 Other Tangible Plant												
1	1	Other Tangible Plant	01/01/90	N	SL	20	20.00	0.00	0.00	15.06	1.00	16.06
2	1	Computer	08/25/05	N	SL	5	853.00	0.00	0.00	0.00	56.87	56.87
Group # 12 Total							<u>873.00</u>	<u>0.00</u>	<u>0.00</u>	<u>15.06</u>	<u>57.87</u>	<u>72.93</u>
Group # 14 Power Operated Equipment												
1	1	1978 Case Backhoe	01/22/98	N	SL	20	5,000.00	0.00	0.00	1,729.17	250.00	1,979.17
Group # 14 Total							<u>5,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,729.17</u>	<u>250.00</u>	<u>1,979.17</u>

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GRANITE MOUNTAIN WATER CO.  
Federal ID #:  
Asset Summary - Federal Tax Basis  
Period Ended 12/31/05

Company: GMW  
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<u>Num</u>	<u>Loc</u>	<u>Property Description</u>	<u>Acquired</u>	<u>T</u>	<u>Method</u>	<u>Life</u>	<u>Cost/Basis</u>	<u>179 Exp/AFD</u>	<u>Add SDA</u>	<u>Prior Depr.</u>	<u>Current Depr.</u>	<u>Ending Depr.</u>
Group # 15 Transportation Equipment												
1	1	1995 Dodge Diesel	12/30/04	N	SL	20	4,500.00	0.00	0.00	0.00	225.00	225.00
Group # 15 Total							<u>4,500.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>225.00</u>	<u>225.00</u>
Grand Total							<u>592,866.68</u>	<u>0.00</u>	<u>0.00</u>	<u>266,457.30</u>	<u>29,413.41</u>	<u>295,870.71</u>